

AGN. NO.

MOTION BY SUPERVISOR HILDA L. SOLIS

July 27, 2021

Award Exclusive Negotiation Agreement for the 4th and Hewitt Development

Project

In December 2018, the Los Angeles County Department of Public Works (DPW) issued a Request for Proposal (RFP) to select a developer for the development of two sites (the Properties) in the Downtown Los Angeles Arts District. The first site is located at 813 East 4th Place and is occupied by the 2-story Department of Public Social Services (DPSS) Civic Center office (DPSS Office). The second site is located at 321 South Hewitt Street and is occupied by a 2-level parking garage (Parking Garage) that serves the DPSS Office. The RFP solicited proposals to develop the Properties by taking advantage of the highest and best use of the Properties' development potential while also providing a new 40,000 square feet DPSS Office with associated 180 parking spaces at no cost to the County. In June 2019, an evaluation committee comprised of staff from DPW, Chief Executive Office (CEO), and DPSS determined that the Urban Offerings Inc. (Developer), submitted the most advantageous proposal for the development of the Properties.

On October 1, 2019, the Board delegated authority to the CEO to negotiate,

MOTION

MITCHELL

KUEHL

HAHN

BARGER

SOLIS

execute, implement, and, if necessary, amend, extend, or terminate an Exclusive Negotiation Agreement (ENA) with the Developer.

On February 13, 2020, the County executed the ENA with the Developer, and on August 13, 2020, amended the ENA by extending the term for an additional six months. During this time, the County requested that Developer assess the feasibility of providing office space for the Department of Arts and Culture within the DPSS Office building. The ENA between the County and Developer expired on February 13, 2021 and is no longer in effect.

The California Surplus Land Act (Act) (Government Code section 54220, et seq.), as amended in October 2019 by California Assembly Bill 1486 (effective January 1, 2020), requires local agencies, prior to disposing of surplus property for commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development, or for the sole purpose of investment or generation of revenue, to offer to sell or lease that property to certain entities for specified uses, including affordable housing, parks and recreation, and schools uses.

On May 4, 2021, in order to comply with the requirements of the Act, the Board declared the Properties as surplus land, provided that certain conditions are met, including, but not limited to, that any potential development must provide County with a new DPSS Office at no cost to the County. On May 7, 2021, Public Works issued a Notice of Availability (NOA) to a list of developers established by the California Department of Housing and Community Development (HCD) and certain governmental entities. On July 6, 2021, at the conclusion of the 60-day NOA notice period, the only letter of interest received by County was Developer's.

Developer's proposal contemplates a mixed-use project that includes 40,000 square feet of office space for DPSS, 300,000 square feet of creative office space, 30 affordable artist housing units, 10,650 square feet of street-level retail space, and approximately 1,120 parking spaces. Since Developer's proposal provides for a project consistent with that described by the 2020 ENA executed with Developer, CEO is recommending award of a new ENA to the Developer. There are no anticipated costs to County during the ENA period. Developer will provide funds for the payment of costs incurred by County during the ENA period for the management and oversight of predevelopment activities. The terms of the payments to County will be included in the new ENA.

I, THEREFORE, MOVE that the Board of Supervisors:

1. The recommended actions, including the award of an ENA, are not considered a project under the California Environmental Quality Act (CEQA) because they are excluded from CEQA's definition of a project. The activities are administrative activities of government and the establishment of a government funding mechanism, which will not result in physical changes to the environment or reasonably foreseeable indirect changes to the environment pursuant to Section 15378(b)(4) and (5) of the State CEQA Guidelines.
2. Delegate authority to Chief Executive Officer, or her designee, to negotiate and execute an ENA with the Developer, approved as to form by County Counsel, for an initial six-month term with the option to extend the term for

up to four additional six-month periods, in order to negotiate the potential development of the Properties. CEO will return to the Board with a recommendation regarding certification of the environmental documentation and approval of a final development agreement to include a ground lease between the County and Developer.

3. Delegate authority to Chief Executive Officer, or her designee, to execute any and all related or ancillary documents or amendments to the ENA necessary to effectuate the action authorized hereby. Collect deposits and fees in connection with the terms of the ENA, and to administer the expenses and accounting associated with the ENA.
4. Authorize the Director of DPW or his designee, in consultation with the CEO, to manage the predevelopment phase of the proposed 4th and Hewitt Development project.

#

HLS:wr